

Chapter 3

Case Studies on EDP Selected Organizations: The IEDI and CSIDB

Introduction

This chapter presents the general characteristics of trainees and assessments carried out by trainees on the EDP of IEDI and CSIDB in Kaski and Tanahu districts.

The IEDI and CSIDB are the leading institutions in entrepreneurship development in the small business sector in Nepal. The CSIDB ran four- to five-week training sessions on entrepreneurship development until 1993/94. It was then redesigned to the present two-week programme. Although the CSIDB focus is mainly on trade skill development for rural areas, (for a list of trades in which CSIDB conducts skill development training, see Annex 5), it has placed due emphasis on EDP training in the hill regions. The IEDI is a pioneering institution in entrepreneurship development and in bringing improvement and innovation to training design. It has a regular NBC course for potential entrepreneurs which was re-designed to run currently as a four- to five-week programme.

Both the IEDI and CSIDB have their own office networks for organizing EDP training in different areas. For the present study, field survey and observation of EDP trainees were carried out in two selected districts, Kaski and Tanahu. The profiles of EDP trainees have been studied on the basis of information available from entry forms and basic data sheets made available by the IEDI office in Kaski district and the CSIDB office in Tanahu district. This, in addition to information collected through interviews with relevant officials and a sample survey of EDP trainees, provided material for analysing the socioeconomic characteristics of trainees and for a commentary of training activities. The commentary on training activities relates to the content, coverage, selection criteria, linkages with input and support services, follow-up and evaluation, and the trainees' opinions and about the programme. In addition, a general assessment of the overall effectiveness of training programmes and the current employment status of trainees is also made.

Coverage: Number of Trainees

Altogether 228 people received NBC training in Kaski district during the period from 1985 to 1996, i.e., about 20 people annually on an average. The NBC training is usually for potential entrepreneurs. An additional 363 people received training in small business management during the same period (an average of 33 people each year). The training on small business management is provided mainly for existing enterprises.

The CSIDB has provided EDP training to 84 people in Tanahu district during 1994/95 and 1995/96. There has been an increase in the number of EDP trainees in recent years. There were 65 trainees in 1995/96 compared to the 19 trainees in 1994/95. Some programmes have been conducted exclusively for women entrepreneurs. In addition, the CSIDB has trained 942 people in Tanahu district in different trade skills during the period from 1983/84-1995/96, i.e., about 72 persons annually on an average. Profiles of 123 trainees, who received EDP training (79 by the CSIDB, 44 by the IEDI) in Tanahu and Kaski districts, in terms of socioeconomic characteristics are given below.

Socioeconomic Characteristics of EDP Trainees

Entry Form / Basic Data Sheet Analysis

The profiles of the most recent batch of EDP trainees in Kaski and Tanahu district show that women outnumber men. About 37.4 per cent of the trainees were male and 62.6 per cent female (Table 3.1). Women exceed men because three of the six training programmes were conducted for women entrepreneurs. In the general training batches, there was a relatively small, 20 to 30 per cent, representation of women entrepreneurs.

The overall age distribution shows that almost two-thirds of the trainees were in the age group of from 20-30 years. About 19 per cent were in the age group of from 16-20 years. The mean age of the trainees was estimated at 25.5 years (26.0 years for men and 25.2 years for women). The caste and ethnicity distribution of trainees is presented in Table 3.2.

Table 3.1: Age & Sex Distribution of EDP Trainees

Age (Years)	Male		Female		Total	
	Nos.	%	Nos.	%	Nos.	%
16 – 20	7	15.2	16	20.8	23	18.7
20 – 30	32	69.6	48	62.3	80	65.1
30 – 40	4	8.7	13	16.9	17	13.8
40 +	3	6.5	-	-	3	2.4
Total	46	100.0	77	100.0	123	100.0
%	37.4		62.6		100.0	

Source: Field Survey (refer to Annexes 6 and 7)

Table: 3.2: Caste and Ethnicity Distribution of EDP Trainees

Caste & Ethnicity	Male		Female		Total	
	Nos.	%	Nos.	%	Nos.	%
<i>Brahmin / Chhetri</i>	25	54.3	36	46.8	61	49.6
<i>Newar</i>	13	28.3	15	19.5	28	22.8
<i>Gurung / Magar</i>	5	10.9	17	22.1	22	17.9
Others	3	6.5	9	11.7	12	9.7
Total	46	100.0	77	100.0	123	100.0

Source: Field Survey (refer to Annexes 6 and 7)

It has been observed that about one-half of the trainees was from the *Brahmin/Chhetri* community followed by 22.8 per cent from the *Newar(s)*; *Gurung(s)* and *Magar(s)* communities contributed about 18 per cent of the trainees. There is a variation in caste and ethnicity distribution so far as the gender participation in EDP training is concerned. Although the female trainees made up per cent of the total, but both male and female were in sizeable proportions from the *Brahmin/Chhetri* and *Newar* groups (41 and 46% respectively). Among the trainees from the *Gurung/Magar* communities and other groups, men constituted less than one-fourth of the trainees.

Most trainees (about 64%) had a middle-level education (Secondary, SLC, or Intermediate). Only about six per cent were graduates and 11 per cent were merely literate. There were gender-specific variations in the educational status of the trainees. Among the males, 63 per cent had SLC and a higher-level education, while among the females, the percentage of trainees with similar educational levels to those of the men was only 40 per cent. Similarly, the educational level of trainees varied depending on the training institutions. Among the CSIDB trainees in Tanahu, about 51 per cent had primary to secondary school education, 29 per cent were SLC, four per cent were intermediate and graduates (see Annex 6). The rest, around 16 per cent of the trainees, were only literate. In the case of IEDI trainees in Kaski district, about 25 per cent had lower to secondary school education, 36 per cent SLC, and 39 per cent were from the intermediate level and graduates. There was not a single trainee with less than primary level education (see Annex 7).

Table: 3.3: Distribution of EDP Trainees by Education

Education Level	Male		Female		Total	
	Nos.	%	Nos.	%	Nos.	%
Literate	1	2.2	12	15.6	13	10.6
Primary (1 - 5)	-	-	3	3.9	3	2.4
L. Secondary (6-7)	3	6.5	5	6.5	8	6.5
Secondary (8 - 10)	13	28.2	27	35.1	40	32.5
S.L.C	15	32.6	24	31.2	39	31.7
Intermediate	9	19.6	4	5.2	13	10.6
Graduate	5	10.8	2	2.6	7	5.7
Total	46	100.0	77	100.0	123	100.0

Source: Field Survey (refer Annex 6 and Annex 7)

The distribution of trainees by family occupation for Kaski district (refer to Annex 7) shows that 61.3 per cent of the trainees worked in agriculture, 27.3 per cent in trade/business, and 11.4 per cent in services as the main occupation. The family structure and economic background varied depending on whether the trainees were from rural, semi-urban, urban, town, or market areas.

Sample Survey Analysis

Forty-two trainees, who had been trained in entrepreneurship development over the past two to three years, were personally interviewed (using the questionnaire presented in Annex 2) and had shown the following characteristics.

- Most (71%) trainees were women.
- Sixty-two per cent were in the age group of from 20-30 years and about one per cent in the age group of from 30-45 years. Ten per cent were from 16-20 years of age and five per cent beyond 45 years.
- The *Brahmin/Chhetri* community dominated (55%), nine Newar(s) (21%) and other communities mainly *Thakali*, *Gurung*, and *Magar* accounted for 24 per cent of the trainees.
- About three-fourths were married.
- About 70 per cent had education of up to at least SLC.
- Forty-two per cent of the trainees belonged to farming families; 33.3 per cent to families with some kind of industrial background, and 24.6 per cent were from families with service-related occupations.
- As regards the trainees themselves, two-thirds were already engaged in industry and trade, 14 per cent in farming or services, and 19 per cent were unemployed.

Selection Criteria and Location of Training

The selection criteria for EDP trainees depend on various factors that best describe their entrepreneurship potential. The IEDI and CSIDB have developed their own selection criteria for EDP trainees, as well as course content and training manuals. The courses are adjusted according to the target group and the level of participants. Prior assessment about who would set up businesses upon completion of the EDP training cannot be precise. Nevertheless, efforts to minimise wastage through the use of a set of criteria have been made.

Family business and skills are important factors to be considered while assessing potential entrepreneurs for EDP training. Most IEDI trainees are from the trade and business sectors, whereas the CSIDB trainees are mostly from industry or skilled trades.

Table 3.4 : Criteria for Trainee Selection Used by Institutions

IEDI (Kaski)	CSIDB (Tanahu)
Entrepreneurial characteristics	Personality
Inquisitiveness	Goal clarity
Financial capability	Bank/industry recommendation
Options/family background	Resourcefulness
Family entrepreneurial history	Business skills
Age: over 20 years	Age: over 16 years
Education: Class 10 (at least)	Education: literate (at least)
Source: Field Survey	

These institutions focus their training activities mainly in urban areas, near market centres and district headquarters. The IEDI office in Kaski district focusses its training activities mainly in the city of Pokhara, although it also recently organized one NBC training course at Beshisahar in Lamjung district. It, however, has a plan for extending training services to district areas in Baglung, Syangja, and Tanahu districts. The EDP training carried out by the CSIDB district office has been more of a target-oriented programme, i.e., to meet the target of numbers to be trained. The CSIDB's two-week programme on entrepreneurship development is directed towards creating general awareness on rural industry promotion. The district office has no instructor or trainer to carry out entrepreneurship development training; they are sent from the central office. The location for training is often selected on an *ad hoc* basis without detailed area study.

Follow-up and Evaluation

The branch/district offices of the IEDI and CSIDB undertake monitoring, follow-up, and evaluation of the training programme and periodically report to their central offices. The in-training evaluation includes overall assessment of training activities – content, delivery, and participants' knowledge. Post-training follow-up and monitoring are undertaken to examine whether the trainees have met the objectives for which they were trained.

The IEDI undertakes follow up activities once in every three months for the first one year and once a year for the following two years. It is usually carried out in the form of a post-training follow up workshop. The basic objectives of such workshops are as follow.

- To evaluate participants' progress in creating and promoting their business
- To discuss business problems with the participants and help them to arrive at solutions
- To identify the consultancy service/training needs of the participants.

CSIDB undertakes monitoring, follow up, and evaluation of the training programme through respective district/branch offices. The district offices of CSIDB are required to

maintain detailed information of trainees and to provide post-training support services as requested by them.

The district office has to undertake post training follow-up and submit periodical reports – the first, within 15 days from the date of completion of the training programme; the second, within the next three months; the third, by the year end; and the last one towards the end of the second year.

Among the sample of 42 trainees surveyed by the study, 79 per cent found EDP useful or very useful, whereas 19 per cent considered it good and the remaining two per cent were indifferent. Around two-thirds of the trainees believed that the training provided knowledge in the general, specific, or overall business context and even motivated them to some extent, to set up a business. Table 3.5 presents the overall assessment of their learning motivation and experience of the programme.

Table: 3.5: Learning Motivation & Experience (LME)	
LME Points	%
Business know-how	32.2
Basic understanding	28.6
Motivated to set up a business	17.9
Business selection / operations	7.1
Government / bank procedures	7.1
Entrepreneurship qualities	3.5
Bookkeeping / accounts	3.5
Source: Field Survey	

Over 60 per cent of the trainees stated that the training imparted gave them business know-how or basic understanding of various aspects of business enterprise. About 18 per cent said that it motivated them to set up a business. Others who appreciated EDP referred to business selection and administrative and procedural matters including bank loan procedures, bookkeeping, and accounts, as the most important knowledge gained through training.

A follow-up workshop organized by the Pokhara branch office of the IEDI for trainees to one of the NBC training courses made a number of important conclusions. According to this workshop report, five of the sixteen trainees from that batch set up their own businesses, five were in the process, and the remaining six had no definite plans. The trainees who set up a business within one year of participation in the NBC training reported having faced various problems and constraints in implementing their business plans (IEDI/PB 1996). The problems were mainly concerning aspects given below.

- Securing loans from banks
- Inadequate capital
- Getting technical information
- Marketing products
- Selecting proper locations

The trainees who set up their own businesses after training were in businesses such as fancy cloth shops, groceries, art paintings, newspapers, and stationery shops. Participants initial business plans focussed mainly on retail trading and in a few cases on such industrial enterprises as steel furniture, spice production, bricks, concrete blocks, wooden furniture, surgical bandages, and so on. Among the trainees still in the process of setting up a business the most commonly reported problems are:

- lack of collateral for securing bank loans,
- difficulty in getting skilled manpower,
- difficulty in project identification and selection, and
- family problems.

The following needs in terms of support were identified by the participants during the follow-up workshop. They belived them to be crucial for creating and promoting business enterprises.

- Provision of effective technical consultancy to meet small business requirements
- Organization of coordination workshops for support from line agencies
- Arrangements refreshers courses every two to three years
- Arrangements for marketing and accountancy training for existing entrepreneurs
- Assistance in project identifications/selection/preparation, market and selecting location

Link-up with Inputs and Support Services

Development of enterprises in the CSI sector calls for a package programme consisting of different inputs and support services. Training is one of the important components of such a programme. But there are other equally important factors that are crucial for facilitating the positive impact of training for enterprise development. Provision of support services such as technical consultancy, finance, and marketing information and technology, are important among these factors. Survey of EDP trainees over the last two to three years shows the relative importance of different aspects which, if included in the training, could make it more useful and effective. These aspects are presented in the order of frequency of responses in Table 3.6.

Table 3.6: Factors Influencing EDP Effectiveness	
Factors	%
Provision for loans/credit	23.5
Imparting technical/trade skills	15.7
Practically oriented programme design	13.7
Extension of programme duration	11.8
Observation/field visits	9.8
Product marketing support	7.8
Provision of technical support services	5.9
Proper selection/homogeneous group	3.9
Others	7.8
Source: Field Survey	

The aspects mentioned relate to pre-training, in-training, and post-training phases. Factors such as loan/credit provision, product marketing, and technical assistance are related to post-training services and considered important for supporting the setting and functioning of enterprises. Other factors are related mainly to the programme design and training management. The two-week programme on entrepreneurship development has greatly helped to create entrepreneurship awareness among rural entrepreneurs, but some trainees who participated in this training have also felt the need to extend the duration of the programme. The practical orientation of the programme and imparting specific skills and combination with the provision of credit emerge as important aspects in which respondents would like to see the training programmes strengthened.

Most trainees feel the importance of concessional loan and credit assistance. Although it is difficult to substantiate at this stage whether the credit-linked training programme has done better than one without the facility of credit, trainees who made use of such credit are found to have set up their own businesses. Apart from normal credit or loan financing from commercial banks, there are special financing schemes available from different institutions – including those providing EDP training. For example, a complementary credit programme (CCP) of the IEDI/SBPP has maintained a revolving fund for credit (of up to Rs 200,000) to new and existing entrepreneurs. This revolving fund, administered by the Agricultural Development Bank of Nepal (ADB/N), requires collateral from the entrepreneur. The CSIDB also provides credit facilities of up to Rs 5,000 for purchases of machinery and equipment without any collateral and for amounts exceeding Rs 5,000 with collateral through the banks. However, it is reported that such credit facilities are available only to those trained under the skill development training programme. Similarly, women entrepreneurs can get credit assistance of up to a fixed limit for micro-enterprises' establishment through the micro-credit assistance project or affiliated NGOs. The trainees consider procedural simplification, concessional terms of interest, and relaxation of important measures to improve access to loan and credit assistance for micro and small enterprises to be important.

Enterprises in the CSI sector need technical support to maintain and improve their business performance. Some measure of project-specific technical skills in EDPs and post-training technical support in areas such as product design and quality improvement, production process improvement, material inputs' composition, material handling, and wastage reduction are considered necessary. Another important post-training support mechanism needed by micro and small enterprises is related to marketing. This is mainly related to information dissemination, product exhibitions at important market centres, and support for participation in trade or industry fairs and exhibition.